



GTT Full Year 2015 Presentation

Friday, 19th February 2016

Company Overview

Philippe Berterottiere

Chairman and CEO, GTT

Welcome

We are very pleased to welcome you here at the Intercontinental Hotel in Paris. I guess we have some people online in London or maybe elsewhere. We are very pleased also to be here to present to you our results for year 2015 which are quite in line with what we promised.

GTT, a French engineering company and LNG containment global leader

Company overview

I would like to start with a short recall of what we are doing. You know that GTT is an engineering company which has 50 years of experience in designing LNG containment systems. We license our technologies to industrial partners in different places in the world. We are currently employing close to 380 people, mainly in France, but also in the shipyards where we are building our systems. We have close to 70% of executives, engineers and other high educated people.

Key figures

To jump quite quickly on our figures, in 2015 we achieved a total revenue of €226.5 million, very close to the figure we achieved in 2014. The net income reached the level of €117.2 million, determining a net margin of 51.8%. Our global market share over the last five years reached 83%.

Broad exposure across LNG shipping and storage value chain

You know that we are intervening mainly on LNG carriers but also on some other floating structures such as the LNG FPSOs which are called FLNGs. The FSRUs then, the floating platform, the ships with the regas facility, they are acting as floating regasification terminal. They are very much demanded currently. We are working also on onshore tanks and in 2015 we built a barge for delivering LNG to ocean-going vessels. This barge, we are going to talk about it later on, has been built in the US.

Prescription of GTT's containment technology

We are working with many stakeholders. The classification societies such as Bureau Veritas, ABS, DNV, Lloyds are approving our technologies, whenever we develop them. Once that is developed, we have to talk with oil and gas companies to get them, adopted by them, approved, adopted. And once that is done, we have got to talk with the shipowners in order for them to understand these technologies and to consider that they could implement them on future ships. Once that is done we have got to turn to our industrial partners, the shipyards, in order for them to build them to incorporate them in their offering to shipowners.

Our strategy

The strategy of the company is to consolidate its leading position in the LNG shipping industry. You saw that our market share is quite large and we are keeping improving our technologies in order to satisfy the needs of the stakeholders. Our systems, to summarise them, are less expensive and more efficient and we are keeping on working on these systems in order to maintain these advantages.

We capitalise on the expected potential in adjacent sectors. I talked to you about FSRUs. I talked to you about FLNGs. I have shown you the barge we are building on. We feel that in LNG there are plenty of things to do. We have tremendous technological potential with our experience, our expertise, all our engineers and thanks to that we think that we are able to address requirements in adjacent sectors.

We are expanding innovative service offering to shipowners and oil and gas companies. That is something which is quite important, especially as far as the 2015 results are concerned. You are going to see that our service turnover has very significantly increased in 2015 so that is really a strong line of our business. We do intend to continue to develop in that field in introducing new services.

We would like to create growth opportunities through selected tech acquisitions. That is something that we are talking to you for a while. We are looking at that and we will further elaborate on that. We would like to see things which are making sense with what we are doing; maybe there are not so many but we are looking for these opportunities in order to expand our offering.

A responsible company

Social and societal responsibility

We are a responsible company. We have a social responsibility, especially towards our employees. I have shown you that these employees are highly-educated people. They are creating a lot of value as you can see from the figures of the company. We devote a lot of resources in the training of these people, far beyond the benchmark. They are young, highly-educated but we invest a lot in their training. We have also a highly incentivising system of compensation for employees and that is determining a very strong loyalty from them. This loyalty is enabling us to enjoy capitalising on their experience. We have a societal responsibility as we maintain a very strong dialogue with the LNG stakeholders.

Environmental responsibility

As far as our environmental responsibility is concerned I would say that our systems are the most efficient ones. It means that LNG carriers with our systems are burning less LNG than the others, less energy than the others. That is speaking for itself in terms of environmental responsibility. We have a very proactive, sustainable development policy.

2015 Key Figures and Highlights

Key highlights

As far as our key figures for 2015 are concerned what we can say is that in 2015 we received 35 orders, 31 LNG carriers, 3 FSRUs and 1 barge. It is a quite strong order book that we have built and in fact our order book at the end of 2015 has increased slightly compared to what it was at the end of 2014, 4.7%, however increased.

The LNG bunker barge we have secured is the very first floating structure built in the US for delivering LNG to ocean-going vessels relying on LNG. It is a kind of breakthrough and we are very pleased to go back to the US where we did not build membrane tanks for decades. We are very pleased to see that we are on one of these floating structures and so it is a major event. Although it is not a very significant turnover overall for the time being but it is the beginning of a new era.

We have signed cooperation agreements aiming at the industrialisation of our new systems, Mark V and NO Max with different shipyards in Korea. We have created new subsidiaries. One in Singapore: we believe very much in the development of LNG and LNG as a fuel in South-East Asia so we would like to be down there, to be as close as possible to potential customers. We set up also another subsidiary, Cryometrics, in order to offer systems for providing higher efficiency through software to LNG carriers.

We have signed a licence agreement with the Cochin Shipyard in India. You know that in India there is the "Make in India" policy and the Indian government would like to turn more and more to LNG and to rely less and less on coal. They would like that the ships which are going to deliver this LNG be built in India so it is a major landmark in the implementation of this nation.

We propose a dividend for 2015 of €2.66 per share, determining a payout of 83%. It is the same dividend as in 2014 and you saw that the turnover figure is about the same as it was in 2014.

Information about the KFTC enquiry

We communicated recently about the KFTC, Korea Fair Trade Commission, which has opened an enquiry on us. We were notified about that on 29th January. I would say that at this stage we do not have any precise information on that. We just received this notification. We consider that it may concern a possible abuse of a dominant position in connection with the Korean shipyard LNG carrier construction business. We can talk about that. It is true that we are building a lot of LNG carriers in Korea and that they are very much relying on our technologies. We should not prejudge at this stage of any kind of conclusion on that.

We cannot estimate either the length of this enquiry or its potential outcome. We believe that our business practices are compliant with the relevant competition laws and, as such, we do intend to fully cooperate with the KFTC in its enquiry. Of course we will keep you updated of what is going on as far as this enquiry is concerned.

A strong order book as at 31st December, 2015

You can see here the strong order book we received last year and on the upper left side of the slide you can see that in 2015 we delivered 29 LNG carriers. In fact 26 LNGCs, 2 FSRUs and 1 onshore tank, while we received 35 orders. There was a cancellation for two orders which were just passed at the end of 2014 and cancelled at the very beginning of 2015.

Breakdown of order book as of December 2015

If we look at the breakdown of our order book, first of all on the right-hand side upper part you can see who we are working with and we are not hiding the fact that we are working very much with the large Korean shipyards. However, not only. We are working also a lot in China with Hudong-Zhonghua, a shipyard which is representing 9% of our order book. We are working in Japan with Imabari, which has passed an order to us last year. Now we are starting an industrial activity in the US.

We have a quite diversified shipowner base. I would say that all the LNG carrier shipowners are working with us and none of them is representing an overwhelming part. Apart from that these shipowners are coming from everywhere in the world I would say: Asia, Africa, the US, Europe. It is quite diversified.

Market Drivers

Let us spend a bit of time on the market drivers. We think that the long-term market drivers for LNG are strong. There is a strong natural gas demand. There is a need for exporting gas. The share of LNG in gas and in the energy mix is still very small. We think that there is a need for additional capacity and we are going to show you that. There are new trade routes which are determining a higher need for LNG carriers.

We do not deny the fact that we are currently in a quite troubled context with a significant oil and gas price drop. You know that LNG prices are determined according to a percentage of oil prices so whenever oil is falling down LNG prices are falling down. It was largely like that. It is a bit different now with the American gas which is determined according to a price of gas in the US. However, this price as well is very low.

I guess you should know, far better than me, that there are global economic concerns which render decisions a bit difficult currently. How long it is going to last, I do not know. However, we think also that low gas prices should lead to opportunities for LNG and we are going to show you that. The price of the energy electricity power coming from LNG is far more competitive than what it was one year ago or two years ago, against coal, against other energies. That is quite a strong factor for seeing LNG earning market share in the energy mixes a bit everywhere in the world but particularly in the countries highly-relying on LNG. It is a very strong factor for supporting LNG demand in the years to come.

Natural gas, the fastest-growing fossil fuel worldwide

To speak a little bit more about that, here you can see that has coming from the International Energy Agency. They consider that coal should decline over the next 25 years. Gas should increase and, basically, by 2040, gas, coal, oil should be at about the same percentage in the energy mix. While for the time being, coal is still the largest energy used in the world and, as you know, it is a very polluting energy.

We think also that LNG which is representing only 8.6% of gas, it changed in the world, should increase its share. Gas should increase and LNG in this increasing envelope should increase its own share. Gas is abundant. It is fairly well spread out. It is by far the least carbon-intensive fossil fuel and there are some geopolitical and regional drivers which are determining that.

Additional LNG capacity needed to meet demand

We think that additional LNG capacity is needed. Why? In fact if we look at the fields which are operated currently, or the projects decided, we can see that by the beginning of the next decade, let us say by 2020 or 2021, production should begin to decline. Of course, if what I say is true, if gas is clean, if gas is attractive in terms of pricing, if gas is not raising major political concern compared to other energies, gas should continue to be demanded. We should not see a decline of LNG in the next decade.

In order to cope with this increasing demand new fields have to be put in operation and in order to do so, in order to produce more LNG, we need liquefaction plans, which is something taking several years to build, depending on whether it is a greenfield project, where it may take six or seven years, or a brownfield project where it may take four years. If we need additional capacity by 2021, decisions have to be taken last year for greenfield projects or this year or next year for brownfield projects.

We think that even though once more the current circumstances are a bit troubled, and even if people may have the feeling that the overall environment and the energy environment and the LNG environment are a bit gloomy, we think that the underlying factor for new projects is there.

Pricing environment

Just a word to look at pricing. On the left-hand side upper part of the slide you see what the American price is. You buy the molecule and the MMBtu at a given price. Here we have \$2.3, which is a recent price for the gas in the US. You have what they call in the US the tolling fee, which is the cost of liquefying this gas, \$2.25. Then you have to add the cost of shipping this gas to Asia, which is \$1.75. You arrive at a price of about \$6.3/MMBtu.

How does it compare with Asian prices for LNG? Asian prices it is 14% basically, a bit more complicated than that but let us be simple, 14% of the oil price per MMBtu, per energy unit. We see that we had a breakeven level for a price of barrel at \$40. Currently it means that the American price for LNG is a bit higher than the Asian price. The driver of the market for a couple of years, which has been exporting the American shale gas to Asia, is not so much there as the American price for LNG is higher than the Asian price.

The opportunity still remains for Asian buyers to diversify their procurement portfolios and not to rely on a certain given number of providers but also on American providers. Also Asian buyers are very, very conscious of the fact that this price of \$40 a barrel may not last forever and, in particular, not for the entire duration of their contracts. Whenever an American project is launched it is for delivering LNG in 2020 and you pass a contract for ten years or 15 years or 20 years and so it means that between 2020 and 2030 you have to assess what is going to be the Henry Hub price and what is going to be the oil price in order to see what is the most advantageous for you. I would say I was in Japan last week. Nobody is considering that between 2020 and 2030 the current market conditions are going to remain as they are.

Lower LNG prices create new opportunities

So, here, a consideration about lower LNG prices, which in fact are creating opportunities for LNG. LNG is mainly burned for power in Asia. You know that the first customer, 37%, is Japan. They are relying on LNG for power. The second one is Korea and the same. Then you have other countries which are also relying on LNG for power.

It is in competition against some of the other energies, for example, coal. In China it is very much the same but also Japan or Korea are still relying very much on coal for their electricity. Coal is cheap but the fact of the matter is that the reduced price for LNG has very significantly improved the competitiveness of LNG compared to other energies and in particular to coal. It is still a little bit more expensive but far less than what it was some years ago, two years ago.

In many countries, in fact, there is this policy, not so much announced because I would say that the syndrome we are suffering from in Western Europe where gas may be looked at coming from shale gas with some environmental concern or maybe considered as still CO² emitting energy, it is still there. They are not so much announcing that but they are very concerned that it is a very clean, no particulates, no NO_x, no SO_x, far less CO² and very affordable. They would like to increase the share of gas and LNG.

Major liquefaction projects to come, mainly in the US

On this map, you can see projects which have been decided and which could be decided. There are many projects in the world which are contemplated. I would say that a lot of them are in the US or in Canada, some in the south part of Africa, mainly in Mozambique. It is a bit difficult for me to tell you which are the projects that are going to be decided this year, in the next months or next year.

But I would say that many of them are in the offing's, quite ready to be decided if the market conditions are improving slightly. Whenever I am talking with LNG companies they share this view that in the medium term we need more LNG and so decisions have to be taken. There are some projects which are ready to be decided.

Key emerging LNGC trade routes

The routes are getting more complex. In the good old days LNG was coming from Southeast Asia and was going to Northeast Asia. It was quite simple, a little bit across the Mediterranean Sea. Now it is far more complex with Qatar, a bit for going into the US and now going to Asia. Soon there is going to be the exports of shale gas coming from Gulf of Mexico to Asia and probably to Europe as well. These routes are getting more complex. That means that there is a need for ships in order to accommodate that. If, what I call, the pendulum pattern of LNG is disappearing, it means a ship going from a given liquefaction plant to a given regasification plant, somewhere in Indonesia to somewhere in Japan – if that is no more the case then it means that you need more ships because you cannot optimise this pendulum pattern. It is not the pendulum pattern and you need more ships because ships may go from one place to another one, a longer one, may wait and maybe trading opportunities. That is determining a much higher need for ships.

LNG as a fuel, a new growing market

We see also, even though it is quite slow in the current conditions and I will explain that, we see definitely the development of LNG as a fuel. LNG can be used by ships for their propulsion and as it is a much cleaner fuel than the existing fuels it will comply with the environmental regulations. With more standard pricing structure it may be a very affordable solution. It is with the current price structures that we do not see the market development we were expecting. However, still we are seeing some initiatives.

Here you can see a ship that we designed for delivering LNG on rivers. It is for the Rhine. This market is starting slowly but it may at a certain point of time take off in a much more significant manner. There are regulations in different parts of the world for having clean emissions. For the time being shipowners are very reluctant to switch to LNG for meeting these regulations and they try to find some caveats in order to meet these regulations in relying, for example, on marine diesel oil, which used to be far more expensive, which is with the current oil prices not so expensive. I would say that the economic driver for switching to LNG is not so much there but it could come.

Environmental performance of LNG vs other fuels

Just some words to tell you that LNG is a very clean energy. There is no SO_x, sulphur oxides, with LNG. There is almost no NO_x with LNG, far less than with the other fossil fuels, and there is lower CO₂ emissions with LNG compared to the other fossil fuels. No particulates at

all. When you look in detail at this issue of cleanness, the LNG is definitely a beautiful energy.

I would like to leave the floor to Julien Burdeau, COO of GTT, for the business update.

Business Update

Julien Burdeau

COO, GTT

Strategic roadmap

Good morning everyone. I will give you an update on where we stand on each of our segments and what are the prospects for them over the long term. First, you know this representation, it is just a picture which illustrates what Philippe said about our strategy, which is four-fold. One, consolidate our position and our core business. Two, capture the potential on adjacent markets. Three, provide innovative services to shipowners. Four, create ourselves some new areas of growth through selected technological acquisitions.

Innovation is key

Diversified technologies

For all of that, one important item, one very important aspect of our strategy is innovation. Innovation, it is about one fourth of our resources, more than that if we look at our people. More than 100 people within the company are dedicated to R&D and innovation activities. That is 100s of patents and innovation is delivering products that our customers like, appreciate, if you look at our order book at the end of 2015, 80% of the order book is composed of products that were not available in the market four years ago. Really, what we bring is adopted by the customers.

New technologies going forward

Innovation is also at the renewal of our portfolio of technologies on our core business with the introduction of new systems in 2015: Mark V with a lower boil off rate and NO96 Max. On our two families of technologies we are bringing innovative systems with a better performance. Where do we stand on that? The designs of these systems have been completed, have been approved. We are in the process of industrialising the systems together with the shipyards, with Samsung and Hyundai regarding Mark and with DSME regarding NO96 Max.

Focus on GTT's competitive advantages

You know that what we are bringing to the industry, lower boil off rate means better thermal efficiency. It means better competitiveness for the LNG carriers because it means better operational efficiency. Boil off accounts for a very significant part of the opex of the vessels so lower boil off is lower opex. It is better results for the charterers and in fact it also leads to a better competitiveness of the LNG itself because you might have seen on the slide before the cost of transportation has an impact on the competitiveness of the LNG in the end.

When it comes to boil off, we believe we have very good systems. It is very important in the context of these days to recall what are the merits of our products, why we have such a position on the market and why we are confident in our ability to continue to demonstrate to the owners, to the industry, that our products are the good ones.

GTT's system competitiveness*Vs KC-1*

We just make a very simple comparison because we have competitors. We have significant competitors, people who develop systems. KC-1 is the new Korean system for membrane. Two ships are being built with this system. Our assessment of this system is that its operational performance is less attractive than that of our Mark V system, for instance, because we consider, we assess that the boil off will be about twice as high as it is for Mark V.

Vs Moss

When it comes to Moss systems, which are the LNG carriers with spheres, the price in terms of capex Moss systems end up with a higher capex with more expensive LNG carriers than ours. Looking at the actual prices with the information we can have access to, we are talking about a difference of 18% which is, we believe, material.

LNG carriers

Now, segment by segment, here we present what are our forecasts, our long-term perspectives. Philippe explained a lot about our understanding of the market drivers behind that so I will not come back to that. How does that derives in terms of long-term perspective for GTT? This translates into, for LNG carriers, 270-280 LNG carriers over the next ten years. Of course from one quarter to the other, from one year to the other even, there can be a significant difference but, over the long run, the fundamentals of the LNG market lead us to estimate, to have this type of forecast.

Multigas carriers

Another segment is the ethane carriers, multigas carriers, so ethane, ethylene and LPG for which there are specific drivers related to the abundance of ethane supply in the US. You know that we have taken six orders in 2014 and we have the capacity to demonstrate the advantages of our system for such an application.

FSRU

FSRUs, so floating and storage and regasification units, in itself this concept has many merits in terms of permitting when compared to onshore. There, our estimate on long run is 25-35 FSRUs. Today all new-builds in FSRUs are using GTT technologies.

FLNG

We estimate 7-13, around 10 floating units on the long run. As for FSRUs we believe that these systems have potentially a better level of acceptability than onshore systems. They also allow to monetise, to exploit offshore gas reserves. Of course these systems have still to demonstrate their operational efficiency but three FLNGs are being built and will soon be commissioned. Then they will be able to demonstrate how they operate.

Onshore tanks

Onshore tanks, we are confident in the advantage of our system. Of course we have not the same position there as the one we have on floating units. Still we estimate and we target 10-15 large tanks over the next ten years.

LNG bunker barge dedicated to the North American market

Let us come a bit to LNG as a fuel. Philippe mentioned this bunker barge in the US. It is really the first of its kind and that is important. It is a new product, a barge like this. It is a new market of LNG as a fuel in the US and with new industrial partners. Conrad Shipyard is a new licensee of GTT so it is really for us a very significant achievement. It will really make possible the development of LNG as a fuel in the US and why do we succeed there? We believe it is with our expertise in LNG we are giving confidence to all stakeholders, to the authorities, to our industrial partners, to the final customers. That is very important in this market.

GTT technologies well-suited to LNG as fuel, small scale and barge applications

Overall on the LNG as a fuel our strategy is, even if the context is challenging, to make the emergence of LNG possible when we believe, as Philippe said, that LNG is the right solution to comply with the new environmental regulations. It has merits in terms of environment. Technically it is available, so the question, the challenge is really to make it happen. Make it happen means providing to the industry all the bricks, all the elements in terms of supply chain, in terms of technologies, that will make this possible. We are bringing there competitive solutions, technically-reliable solutions based on our experience. And we are setting up the right industrial partners as the one we have created in the US, which is a way of convincing the owners that the solutions are available.

Range of services to support shipowners and oil and gas companies

Services, just to repeat how important it is for the owners to have GTT along with them all along the life of their vessel. Not only at the time of design, not only at the time of construction, not only at the time of commissioning of the vessel, but throughout its lifetime. LNG carriers are complex systems. They always require assistance, advisory services, and all these create a lot of opportunities for us to propose innovative services. That is what we have been doing over the last years and this translates into our turnover in 2015. We will continue to do so in 2016.

External growth opportunities

Last point on external growth. We initiated this process last year. Let me be very simple on that. We have three main objectives. The first one is to deepen our technological potential, our technological know-how on our core markets. Here we are talking of open innovation and partnerships and access to technologies to secure, to consolidate our position on our core business. That is the first objective. Second objective is how can we accelerate, assist our penetration on adjacent market? The third point, where can we leverage our technological skills on new markets? These are the cornerstones, the three aspects. On that, of course, we will continue to have a look at possible opportunities, weighing our options, following key criteria and, of course, the attractiveness of the sector; of course the size and profitability; of course differentiation through technology because for us it is really a very important point. Last but not least, of course, we are very attentive to find and to identify opportunities which are compatible with our business model. These are the elements that we use to continue along this process. Thank you.

Financials

Cécile Arson

CFO, GTT

2015 financial performance

Good morning everybody. Let me present you the financials as at the end of 2015. With an amount of revenues of about €226.5 million against about €226.8 million at the end of 2014, our revenues are virtually unchanged and in line with the guidance we gave last year. As you know, revenue is derived mainly from royalties and they represent the major part of our revenues, 92% of our revenues. At €17 million, revenues from services accounted for almost 8% of the company's revenues this year compared with less than 5% regarding 2014.

If we look at the income and margin, EBITDA for 2015 amounted to €142.2 million, virtually unchanged compared with 2014. Operating income saw an increase of 0.3% to €139.3 million in 2015, compared with €138.9 million in 2014, taking the operating margin from 61.2% to 61.5%. The financial income came to €0.7 million compared with €1.4 million in 2014 and this is largely due to lower financial return on cash investments. Net income rose from €115.4 million in 2014 to €117.3 million in 2015, for a net margin in 2015 of 51.8%, slightly higher than the announced target. As you can see we still benefit from a low tax rate of 15% and limited depreciation and amortisation charges despite a slight increase in capex.

If we look now at the balance sheet we also see a slight increase in absolute value in our negative working capital from -€14 million to -€15 million and we have a cash position of €73 million as cash and cash equivalent and €25 million of financial assets. That represents a total amount of €89 million of cash at the end of 2015 [Company's note: please understand €98 million instead of 89].

I remind you that this year we distributed the balance of the 2014 dividend at the end of May and we distributed also an interim dividend at the end of September so totally in the year we distributed a dividend of €91 million. This allows the Board of Directors to propose for the year 2015 a dividend payout of 83%.

2015 revenues at €226.5 million

If we look now at revenues, revenues related to royalties reached €209.3 million, driven mainly by LNG carriers, very large ethane carriers and by the offshore segment, FSRUs and FLNGs. The decrease on revenues from royalties, amounts to 3.2% and it is linked to the composition of our order book and also explained by some time lag in the shipbuilding construction.

Revenues from LNG carriers and very large ethane carriers represents a little bit less than 80% of our revenues at €180 million and more than 72% of these revenues comes from orders that we received in 2012 and 2013. Revenues coming from FSRUs decreased from €24.6 million in 2014 to €19.2 million in 2015 and this is more linked to the milestones of construction than to the order book because our order book increased from 6 to 7 units. Regarding FLNGs, revenues increased because we had a third order in 2014. What you can notice also is that of course in 2015 we saw the first revenues from the bunker barge that is being built in the US.

If we look now at revenues coming from services they grew by 65% and this is mainly due to several studies we performed this year, especially feasibility and pre-project studies. That is a very good sign of the interest of the LNG industry in our technologies. But revenues are also coming from services we offer to shipowners to maintain their ships in operation.

Stronger order book and visibility on future revenues

You see here the order book we had last year and the order book we have at the end of 2015. Speaking of units, we saw a growth of about 3.5% and if we look at the value of this order book this corresponds to future revenues of about €619 million versus €591 million last year. This growth of 4.7% is spread, as you can see here, so we have now very good visibility for the next years until 2020.

To be clear, what could change on the figures you see here? Significant delays in shipbuilding, so the total amount you see of €619 million would not change but it would spread differently over the future years. Of course, if we had some cancellations, the total amount would change but keep in mind that since 2008 we had only seven cancellations whereas we got 160 orders.

A cost base offering a high operating leverage

If we look at the cost base, we have a cost base which stays quite stable on the period, at about €92 million for operational costs. It still represents about 41% of our revenues. Staff costs represent about 46% of the operational costs and subcontracted tests and studies, on the one hand, and external cost, on the other hand, represent each about 23% of the operational costs.

Considering staff costs, you can see a decrease of 10% between last year and the end of 2015 and this is linked to a number of employees which did not change, about 380 people. Also, to the fact that in 2014 we had some exceptional expenses linked to the share plans which were decided in 2014. These plans do not impact 2015 as much as it was the case last year. Keep in mind, also, that we maintain this low overhead structure thanks to subcontracting and thanks to non-permanent contracts. Moreover, you can see an increase of about 22% in subcontracted tests and studies, and this is linked to outsourced studies that we carried out for R&D work.

Capital structure

Our capital structure did not change since January last year. You can see here ENGIE at more than 40%, TEMASEK at about 10% and the rest is free-float. You can notice maybe that we have treasury shares, which represent about 0.35% of the capital, and they are mainly shares that we bought at the end of 2015 and that will be distributed in the beginning of this year as free shares and management shares.

Proposed dividend

Yesterday the Board of Directors proposed an all-cash dividend of €2.66 per share. I remember that there was an interim dividend of €1.3 per share in September 2015 so the balance dividend of €1.36 per share will be paid at the end of May this year. This proposed dividend corresponds to a payout ratio of 83% of the net income available for distribution in French GAAP. In accordance with the guidance we gave at the time of IPO we are going also to distribute an interim dividend in September.

Outlook and Conclusion

Philippe Berterottiere

Chairman and CEO, GTT

Outlook for 2016

In 2016 the forecast is that our revenues should grow by 10% compared to 2015 and that will represent revenues of more than €250 million. We consider that our net margin should be above 50%, and for 2016 and 2017 the dividend should be at least equivalent to the one proposed for 2015.

Why invest in GTT?

Why should we invest in GTT? We are a pure player in LNG. There are some very strong drivers in this market that we saw. We have very strong competitive advantages. We have a very high visibility in revenues and you saw that through the chart Cécile has shown you. We have a very strong innovative capacity and a very strong know-how. We have demonstrated our capacity to grow in adjacent sectors, as we saw with Julien's presentation.

We have a cost base flexibility and that has been shown through the stability of our own costs. We have no currency risk and a quite strong balance sheet. We are committing to our IPO guidance. You can see that. We have a high dividend yield and a sustainable development.

Thank you very much. We are ready to answer to your questions.

Q&A

Guillaume Delaby (Societe Generale): Thank you for the presentation. I have one question. Basically, you give a quite ambitious long-term guidance for your LNGC orders for the next ten years. From 270-280 I understand that one of the rationale behind this guidance is the fact that you expect some kind of replacement market which, to be honest, surprised me a little bit in the sense that more than 50% of the worldwide LNGC fleet is below ten years of age. Could you elaborate a little bit why you see some kind of replacement market just coming in the coming years?

Philippe Berterottiere: I would say that the market perspective we are giving for the next ten years are not only justified by the replacement market. I will answer particularly on the replacement market but I would like to say that we consider that LNG in the next ten years should grow significantly for reasons that we explained: its competitiveness and its cleanness. The fact that it is a very clean energy that is LNG should grow.

Second we consider that the maritime routes should become more complex and should require more ships. We consider also, and it is very much linked to this previous point, that the trading activities on LNG should grow. The fact that there are more and more trading routes between the different parts of the world with different pricing structures, the fact that LNG was based on oil and now is based in certain part of the world on oil and in some other parts of the world on Henry Hub should determine an increase of the trading activities. Whenever you have trading activities you need more floating structures. That is very strong factors for determining an increasing demand for LNG carriers.

Also what we see and that has been quite well-explained by Julien, is that our new technologies are significantly better than those implemented on existing ships. That is bringing significant savings for the owner of charters. If you see the current pricing environments, these technologies are saving energy, but that is not so significant in terms of value as the price of the molecule is low. In a more reasonable environment with higher prices for the molecule these technologies are making full sense. We think that whenever pricing conditions are going to become more normal, the old vessels which are far less efficient than those designed with our new technologies are going to really be pushed out of the market.

Rahul Bhat (J.P. Morgan): Good morning. This is Rahul Bhat from J.P. Morgan. Just a couple of questions please. First on the Korean yards, it seems like they are not in a great position and now they are making substantial losses. Are you seeing any significant problems in payments and are they having any difficulty in accepting new orders?

Philippe Berterottiere: It is true that we saw the losses which have been posted by the Korean yards. I understand that most of these losses are linked to contracts for oil offshore structures, not at all linked to us. Still it is a major destabilisation factor, though we are not suffering any payment issue from Korean shipyards. Now, I would say, we see difficulties in the orders. I will tell you very bluntly that currently the demand is very low and so we are not suffering more than the current yards from this low demand. People are waiting for a more stable environment overall financially but also on the energy side before restarting their orders. Even though we consider that there are many orders which had to be passed, I would say that the shipowners are hanging on their decision.

Rahul Bhat: Okay, understood. Are you seeing any active tenders out there where you are participating?

Philippe Berterottiere: There are some active tenders in the world, some which are quite well known. For example, the tenders for ships for India is quite well known. There are some others also for ships for Russia so there are some tenders. I would say once more frankly that buyers are not so much in a hurry to decide in the current environment but there are some different active tenders. I could continue like that with some others so there is a market.

Rahul Bhat: Okay, perfect. With the investigation, I appreciate that probably you cannot say much on that, but are you seeing any increase in probably adoption of KC-1 technology because of that or just otherwise?

Philippe Berterottiere: I would say we saw last year a Korean shipowner ordering to a Korean yard this Korean technology. We saw these two ships ordered with this technology. Since, we did not see anything concerning KC-1.

Rahul Bhat: Yes, and I think there is a tender out for four ships by SK Shipping. Do you think as in heard rumours that they might be using KC-1?

Philippe Berterottiere: As far as I know they did not decide to select KC-1.

Rahul Bhat: Okay. Just this last question probably is on Iran. Now the sanctions are lifted they probably want to restart their LNG ambitions. Is that something that is on your radar that you think is going to be affecting you in any way?

Philippe Berterottiere: First of all, what has to be said is that all the sanctions are not yet lifted. Whenever you are speaking of LNG you are speaking of the long term and you would like that the path in front of you is clear. It is not yet the situation. Whenever you are speaking of LNG it is long term so it means that all that is taking time. If you want to build a liquefaction plant you need time. It is going to be a seven-year process or six-year process and it is not because the sanctions are lifted on 1st January that on 19th February we can have a precise definitive roadmap. Of course, that is a market that we are not discarding but I would say that it is a long-term market.

Rahul Bhat: Understood. What I meant was: are you in talks with the yards over there or potentially?

Philippe Berterottiere: We are not commenting our day-to-day business activities.

Rahul Bhat: Okay, okay. No problem, thank you.

Philippe Berterottiere: Thank you.

Jessica Alderson (Morgan Stanley): Thank you very much for the presentation. There are three questions from me this morning. The first one is how should we think about the dividend post-2016 and 2017? Will you be more focusing on maintaining an absolute level or will you perhaps revert to a payout policy again? Thank you.

Philippe Berterottiere: I would say that for a company like us although we have a quite long-term visibility to take a kind of commitment on what we are going to do in 2018 is probably a bit far-fetched. However, it is true that while we are seeing ourselves as a company who should be able to create value through growth and you saw our business. Our figures have improved in terms of services. You saw that we managed to penetrate some adjacent markets recently, such as LNG as a fuel or ethane carriers even though the figures are low, and so whether we are going to be able to determine more significant figures by 2018 or 2019 remains to be seen. But I would say that the assumption of a floor at a fixed dividend seems to be fairly reasonable.

Jessica Alderson: Okay, that is great, thank you. Next question I had was the 3Q trading update – I think your market share was 75% and the KC-1 technology had had two orders and Moss had had eight orders. It seems like the KC-1 technology has not had any more orders this year. Do you know how many more orders Moss has had and what is your market share for the whole of 2015?

Philippe Berterottiere: We consider that we had in fact 34 orders and Moss had eight orders. The orders for KC-1 were on the year before. We consider that we were at 80%.

Jessica Alderson: Okay, great, thank you. The last question I had was it seems that some of the backlog for this year has slipped a little bit. Could you give some more colour around that please?

Philippe Berterottiere: Yes, it is true that some owners have ordered ships and as there is a certain kind of over-capacity on the market currently, due to these anticipated orders, the owners have tried not to add capacities to the market in sticking to the construction schedule of their LNG carriers. They managed to delay a little bit the postponement, which has greatly helped us to improve the visibility on our figures over the next years while it did not determine a decrease in our turnover in 2015. We see that, as I just said, as an

improvement in the visibility of the company while it is not determining any cancellations of orders.

Jessica Alderson: Okay. How long did they actually delay the delivery date by?

Philippe Berterottiere: I would say that it is depending but sometimes they delayed ships by a year. Sometimes for ships to be delivered a bit later it was a bit more than that but in the order of magnitude of the delays.

Jessica Alderson: Okay, great, thank you very much.

Speaker: Can you comment a little bit about the services segment about the expectations you have for the coming years about this segment? You had a 65% growth this year so what is your expectation for the coming years?

Philippe Berterottiere: It is a good point. I would say that having an activity growing by 65% there is a certain question at the beginning of the year whether you are going to be able to maintain that or whether you are going to maintain the figure achieved in the previous year or whether you are going to be able to keep on growing at a fairly significant rate? I would say that I will not commit that much on that. Just for us, it is a low hanging fruit area where our offering has significantly improved, where we are increasing the number of services we are offering, where customers are appreciating what we are doing. I do expect to keep on increasing our activities there but still I do not know. I cannot give you specific guidance on this activity.

Thank you very much. Thank you.

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